

AFFORDABLE HOUSING ALLIANCE OF CENTRAL OHIO

EXPANDED 5.21.20

# EMERGENCY RENT ASSISTANCE WITH CDBG-CV FUNDS

**A How-To Guide Designed for Columbus**



*Transforming Community Through Housing*

# Priority Considerations

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## Design Priorities Reflected in this Plan

Quick Launch = No HUD Waivers Needed

Highly Targeted = Focus on Otherwise Unassisted Residents

Double Bottom Line = Stabilize At-Risk Public Assets

Scalable = Easy Growth with Additional Dollars

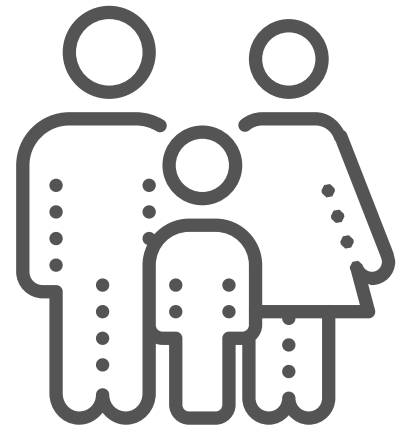
Audit Proof = Built on Existing Disaster-Response Models

Time Limited = 3-Month Emergency Response

Shared Responsibility = Property Owners Forgive 20%

# The Next Wave Crisis

## AFFORDABLE RENTALS: A BAD SITUATION GETTING WORSE



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**10,704**

households live in Low Income Housing Tax Credit Properties but do not receive rent assistance.

They make less than 60% of the Area Median Income (\$45k for a three-person family), but rent for a 2-bedroom can still be over \$1,000/month.

**~19%**

of Homeport's residents were unable to pay rent by April 10th. This is a significant increase over last month's 7% default rate. 4 out of 5 of those residents do not have a rental subsidy.

Additional data is being collected on other local operators now, but these early reports indicate that Columbus' affordable housing residents are significantly more exposed to COVID19 hardships than others.

**2,140**

is the number of Columbus affordable housing residents that are projected to be at risk of rent default each month due to COVID-19 (based a on 20% economic vacancy factor in the LIHTC, non-subsidized portfolio).



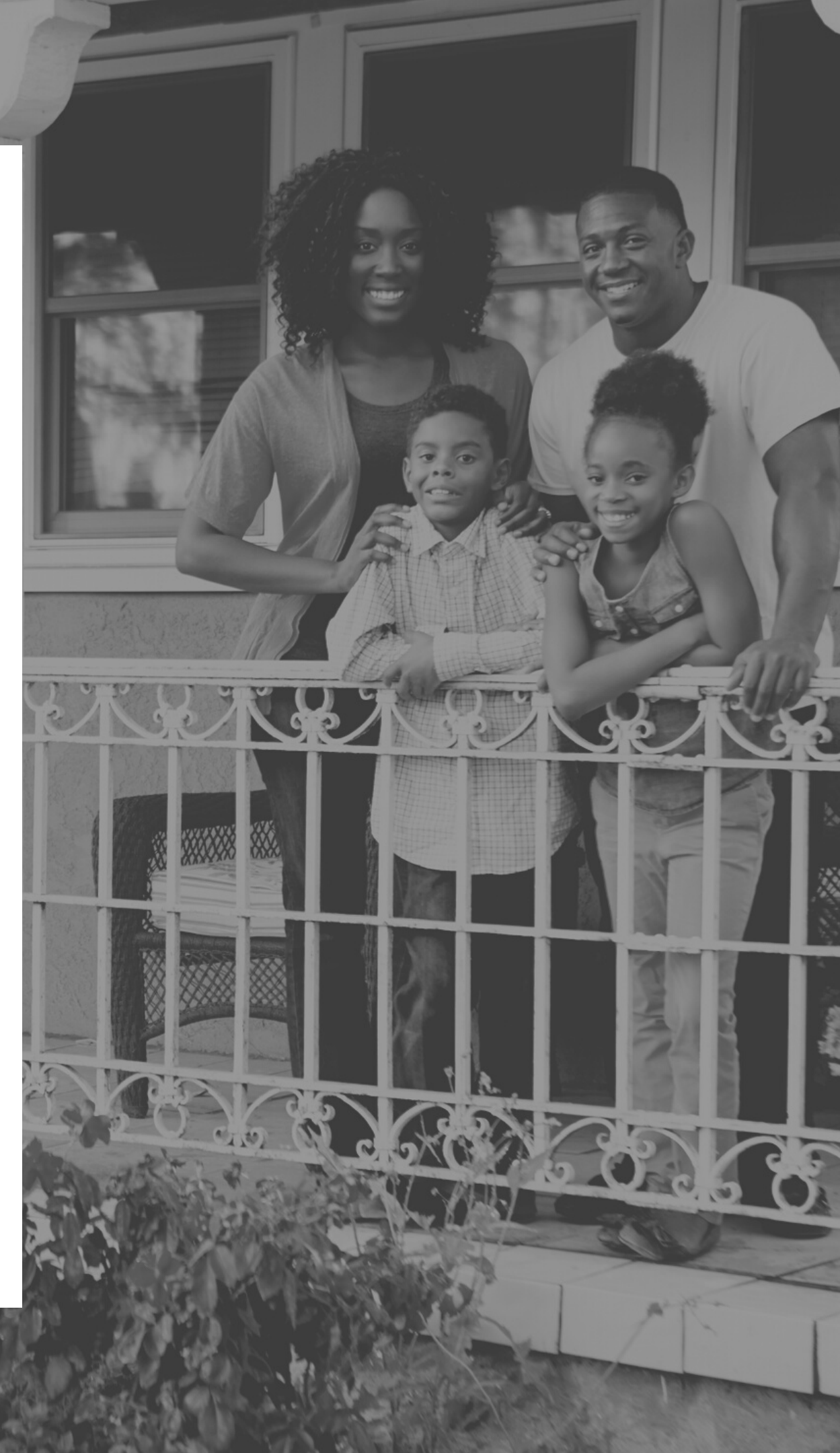
**~137**

affordable housing properties are at risk of financial insolvency due to lower COVID-19 rent collections. These properties do not have reserves to weather this storm. Losing these assets jeopardizes permanent affordability in Franklin County.

# The Numbers

Substantial Impact is Feasible with Existing Resources

Units	Risk Rate	Rent w. 20% Reduction	Monthly Cost	3-Month Cost
10,704	20%	\$833	\$1,784,570	\$5,353,713



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National Low Income Housing Coalition

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Providing temporary rental assistance to current and projected severely cost-burdened renters would keep at-risk tenants stably housed and protect and preserve our country's affordable housing supply.

Diane Yentel  
in a letter calling for CDBG to be used for rent assistance

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# CARES Act + CDBG

## A Timely, Proven First Step to Helping At-Risk Families

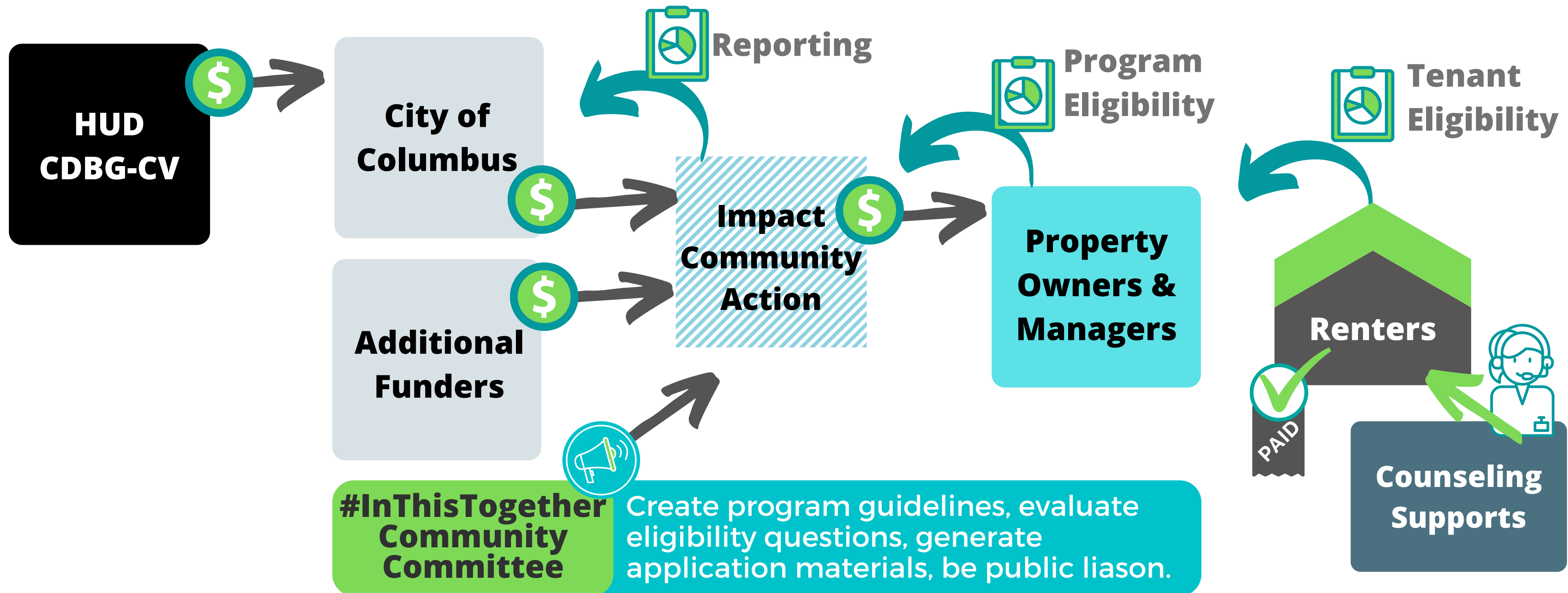
- The CARES Act provides \$5 billion in new "CDBG-CV" funding, to be released in three tranches
- Columbus' first CDBG-CV award is \$4.3 million, with future formula allocations on a rolling basis
- This is in addition to an existing \$16 million allocation, which is partially housing-focused
- CDBG can be used to stabilize families' housing costs through up to three months of rent assistance
- Funds need to be distributed to a housing "provider" (see: 24 CFR 570.207(b)(4))
- CDBG funds can support families up to 80% of the area median income, aligning well with LIHTC
- CDBG rent assistance programming was previously deployed in Charlotte
- Houston, Philadelphia, Dallas, San Antonio, Seattle, Miami Beach, Ithica, Daytona Beach, Baltimore, and Cleveland are all using or preparing to use CDBG-CV funds for rent relief.

**"State, local, tribal, and territorial governments should take equitable steps to ensure that renters – especially those with the lowest incomes and those that have been disproportionately impacted due to structural racism– do not face an eviction cliff when moratoria are lifted."**

**-National League of Cities, April 17, 2020**

# PROCESS FLOW

Fast, Efficient, Relationship-Based, Socially Distanced



# SHARED RESPONSIBILITY

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**20%**

Property owners  
forgive 20% of the  
monthly rent  
amount

**No Fee**

Property owners  
waive late fees,  
court costs, and  
attorney fees

**Gratis**

Property Owners  
do not charge for  
application  
packaging



# Oversight

The program utilizes an administrative operational plan that allows for third-party operation from a fiscal agent complemented by community input from an "InThisTogether" community advisory committee to gather governmental, institutional, and civic feedback

# No-Touch

The Housing Provider engages each family to document eligibility and apply the rental assistance. By relying on existing income documentation, established communication patterns, and in-house service and counseling supports, we maximize impact while minimizing physical contact.

# Fiscal Responsibility

The Fiscal Agent will be responsible for transmitting the rental assistance funding to the housing providers of the impacted family receiving assistance. Best served by a CDFI or experienced program administrator, this entity possesses strong accounting credentials and is versed in affordable housing practices.

## HOUSEHOLD ELIGIBILITY

### Highest Vulnerability Profile

**At or below 80% AMI**

**Experienced a COVID-19 Hardship**

**In a LIHTC Property**

**No Section 8 Subsidy**

**Unable to Pay Current or Back Rent**

**CDBG-CV**



## HOUSEHOLD ELIGIBILITY

### Elevated Eviction Profile

**At or below 200% FPL**

**Experienced a COVID-19 Hardship**

**In any Property Type**

**No Section 8 Subsidy**

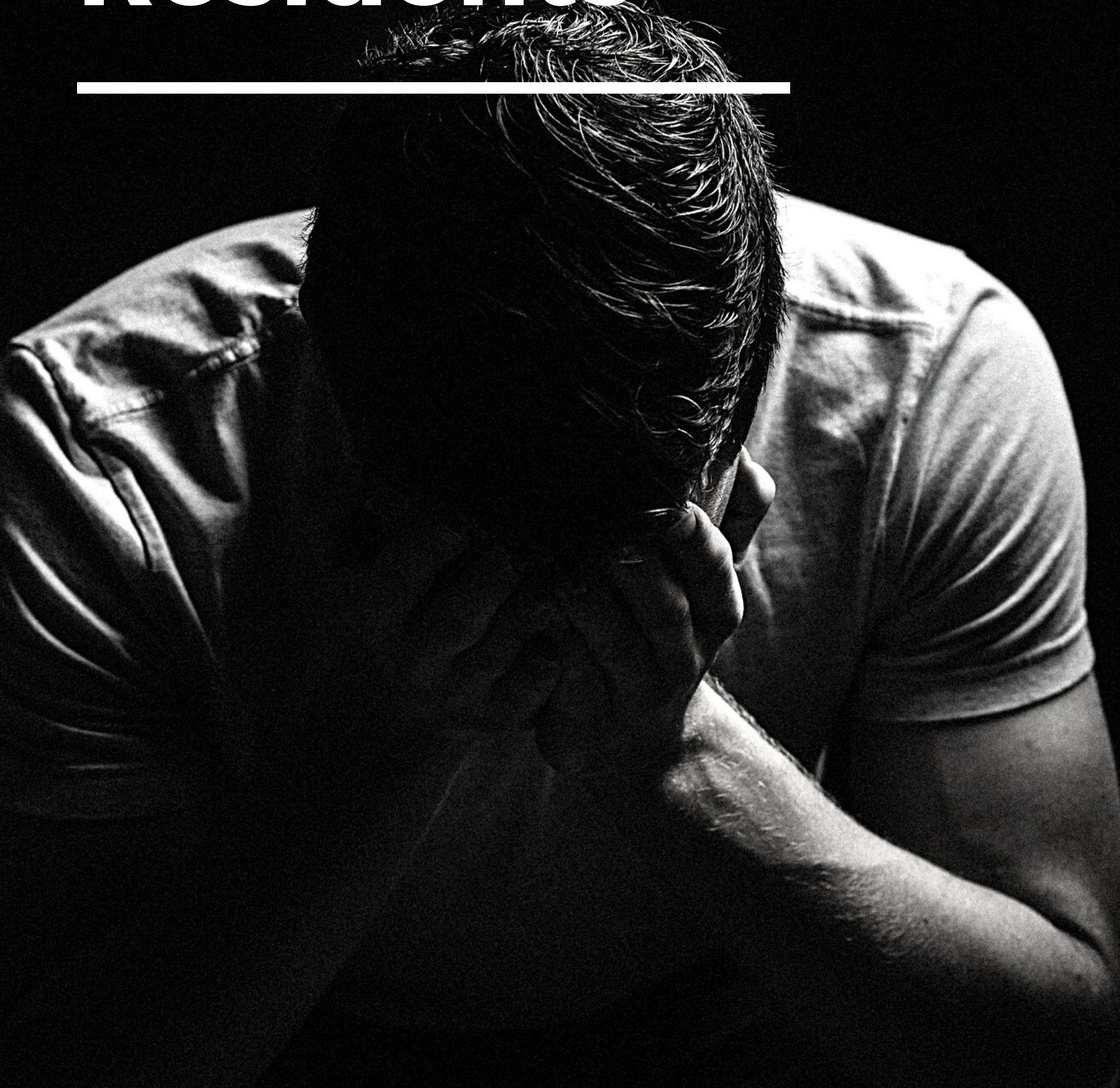
**Unable to Pay Current or Back Rent**

**Treasury Dollars**



# Why LIHTC Residents

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## HARDEST HIT SECTORS

Residents are more likely to be employed in heavily impacted sectors, like retail and food service. Even upon income stabilization, wages will not support a repayment strategy.

## NO SAFETY NET

Due to lower lifetime earnings, LIHTC residents are less likely to have savings or personal resources to mitigate employment shocks.

## MORATORIUM NOT SUFFICIENT

At best, eviction moratoria just delay displacement. For chronically-low wage tenants, a deferment alone will create an insurmountable repayment obligation.

# Why LIHTC Properties

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## **FAST DISTRIBUTION TO NEEDIEST**

Easily and quickly identifies chronically low-income households that are most likely to be severely impacted by the virus.

## **LEVERAGE EXISTING SYSTEMS**

Property management uses paperwork already under their control to document tenant eligibility in a streamlined manner.

## **PRESERVE AFFORDABILITY**

Unlike the private market, rent restricted properties are unable to self-stabilize by accessing illiquid capital. Contractual restrictions prevent them from amassing a sufficient rainy day fund.

# Who Is AHACO

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**Columbus Metropolitan Housing Authority**  
**Community Development for All People**  
**Community Housing Network**  
**Community Shelter Board**  
**Creative Housing**  
**Habitat for Humanity - MidOhio**  
**Homeport**  
**Homes on the Hill**  
**National Affordable Housing Trust**  
**National Church Residences**  
**NRP Group**  
**Ohio Capital Corporation for Housing**  
**Preservation of Affordable Housing**  
**The Columbus Foundation**  
**The Community Builders**  
**The Finance Fund Capital Corporation**  
**United Way of Central Ohio**  
**Wallick Communities**  
**Woda Cooper Companies**  
**YMCA of Central Ohio**  
**YWCA Columbus**



*Transforming Community Through Housing*

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